



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 18, 2006

Alan Propp
12324 East Bates Circle
Aurora, Colorado 80014

Subject: Deficient Notice of Intention to Commence Small Mining Operations,
Black Sands Holding Company, Black Sands 47279, M0470082, Uintah
County, Utah

Dear Mr. Propp:

The Division of Oil, Gas and Mining has reviewed the referenced Notice of Intention to Commence Small Mining Operations. The following items need to be addressed before the notice can be approved:

1. As now required in rule R647-3-105.2, the notice needs to contain an operations map at a scale of 1"=200' identifying the area to be disturbed; the location of existing or proposed operations, such as access roads, drill holes, trenches, pits, shafts, cuts, and any previous disturbances for which Black Sands is not responsible.

The map submitted by Fax transmission April 18, 2006, shows the area to be mined at an appropriate scale, but it should include locations of topsoil piles, overburden piles, and similar features of the mine. If you decide to have processing facilities at this site, you will need to amend the notice.

2. Please provide further information about improvements to the access road. Would it be widened, or would drainage controls be required? The road goes through the mine site. Would it be necessary to close or restrict access on this road? Has Uintah County approved upgrades to the road?

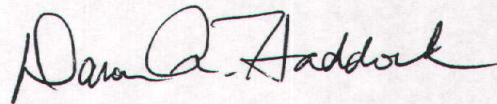
The Division has determined the reclamation surety amount to be \$18,600, but this amount needs to be approved by the Trust Lands Administration (SITLA). The Division understands that for SITLA to approve the bond amount, it must also be approved by the surface owner. Please provide the necessary documentation to SITLA and inform the Division.

Alan Propp
Page 2 of 2
M0470082
April 18, 2006

Once the bond amount has been finalized, it can be submitted in the form of cash, a corporate surety, a certificate of deposit, or a letter of credit. The Division also requires that you submit a completed reclamation contract. Please contact Beth Ericksen at 801-538-5318 or bethericksen@utah.gov for information about submitting the reclamation contract and surety.

If you need further information about the required map or what information about the road is needed, or if you have other questions, please contact Paul Baker at 801-538-5261 or me at 801-538-5258. Thank you for your cooperation.

Sincerely,



for Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:PBB:pb
Enclosure: Reclamation Contract
cc: Will Stokes, SITLA
Frank Ginton, Black Sands
P:\GROUPS\MINERALS\WP\M047-Utah\S0470082-BlackSands47279\final\def-04172006-47279.doc